



Prescription Drug Cost Transparency Report

Measurement Year 2023

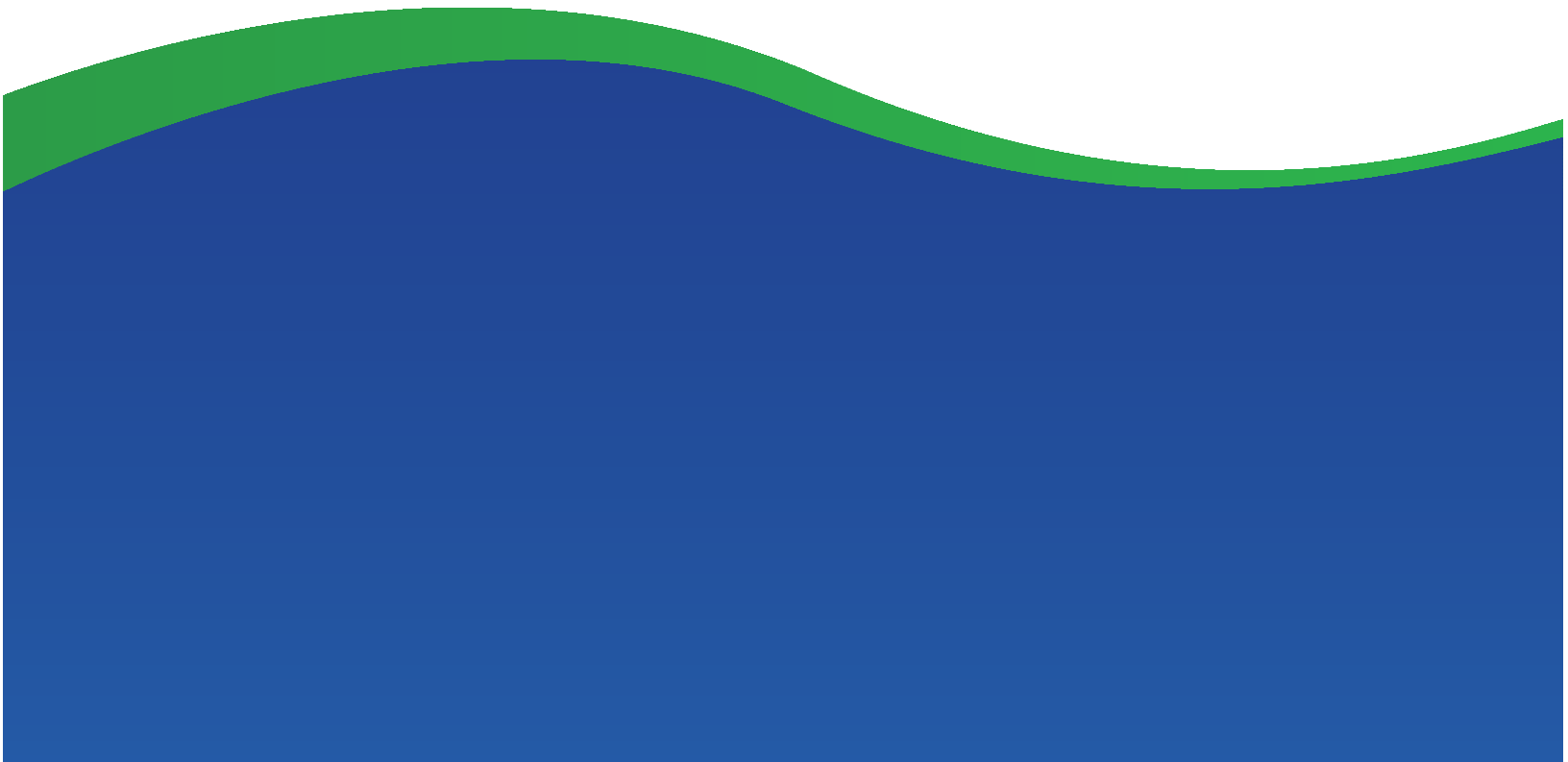


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I. Executive Summary

The California Department of Managed Health Care (DMHC) protects consumers' health care rights and ensures a stable health care delivery system. As part of this mission, the DMHC licenses and regulates health care service plans (health plans) under the Knox-Keene Health Care Service Plan Act of 1975. The DMHC regulates the vast majority of commercial health plans and products in the large group, small group, and individual markets, including all of the health plans that participate in Covered California. The DMHC also regulates most Medi-Cal managed care plans, Medicare Advantage plans, and specialized health plans, including dental and vision plans.

Health plans that offer commercial products and file rate information with the DMHC are required to annually report specific information related to the costs of covered prescription drugs. Health plans first submitted their prescription drug cost data in 2018 for [measurement year 2017](#). The historical reports can be found on the [DMHC website](#). In 2024, 25 health plans submitted prescription drug data for measurement year 2023.¹

Health care premiums continue to rise, making health care affordability a top priority for California. This report looks at the impact of the cost of prescription drugs on health plan premiums and compares this data across multiple reporting years. The DMHC considered the total volume of prescription drugs and the total cost paid by health plans for these drugs, on both an aggregate spending level and a per member per month (PMPM) basis and compared the annualized data. The DMHC also analyzed how the 25 most frequently prescribed drugs, the 25 most costly drugs, and the 25 drugs with the highest year-over-year (YOY) increase in total annual spending impacted health plan premiums over the course of the last seven years.

Key Findings²

- Prescription drugs accounted for 15.1% of total health plan premiums in 2023 compared to 14.3% in 2022. (Table 1).³
- Health plans paid approximately \$13.6 billion for prescription drugs in 2023, an increase of almost \$1.3 billion, or 10.8%, from 2022 (Table 1). Since 2017, total prescription drug costs paid by health plans increased by \$4.9 billion, or 56%.⁴
- On a PMPM basis, health plans paid \$89.82 in 2023, which is an increase of \$9.80 PMPM, or 12.3%, from 2022 (Table 2) and an increase of \$31.33, or 53.6%, since 2017.

¹ The list of health plans submitting prescription drug data is provided in Appendix B.

² The information in this report relies on the data submitted by the health plans.

³ The figures in this report include only those prescription drugs dispensed through retail or mail order pharmacies, and do not include drugs that are provided in a hospital, administered in a doctor office, or otherwise paid for through capitated payments to delegated providers. Therefore, the 15.1% of premium in 2023 does not capture all costs of prescription drugs paid by health plans.

⁴ Unless otherwise specified, the prescription drug costs in this report are not adjusted for any manufacturer rebates. However, this report includes the total manufacturer drug rebates collected by health plans.

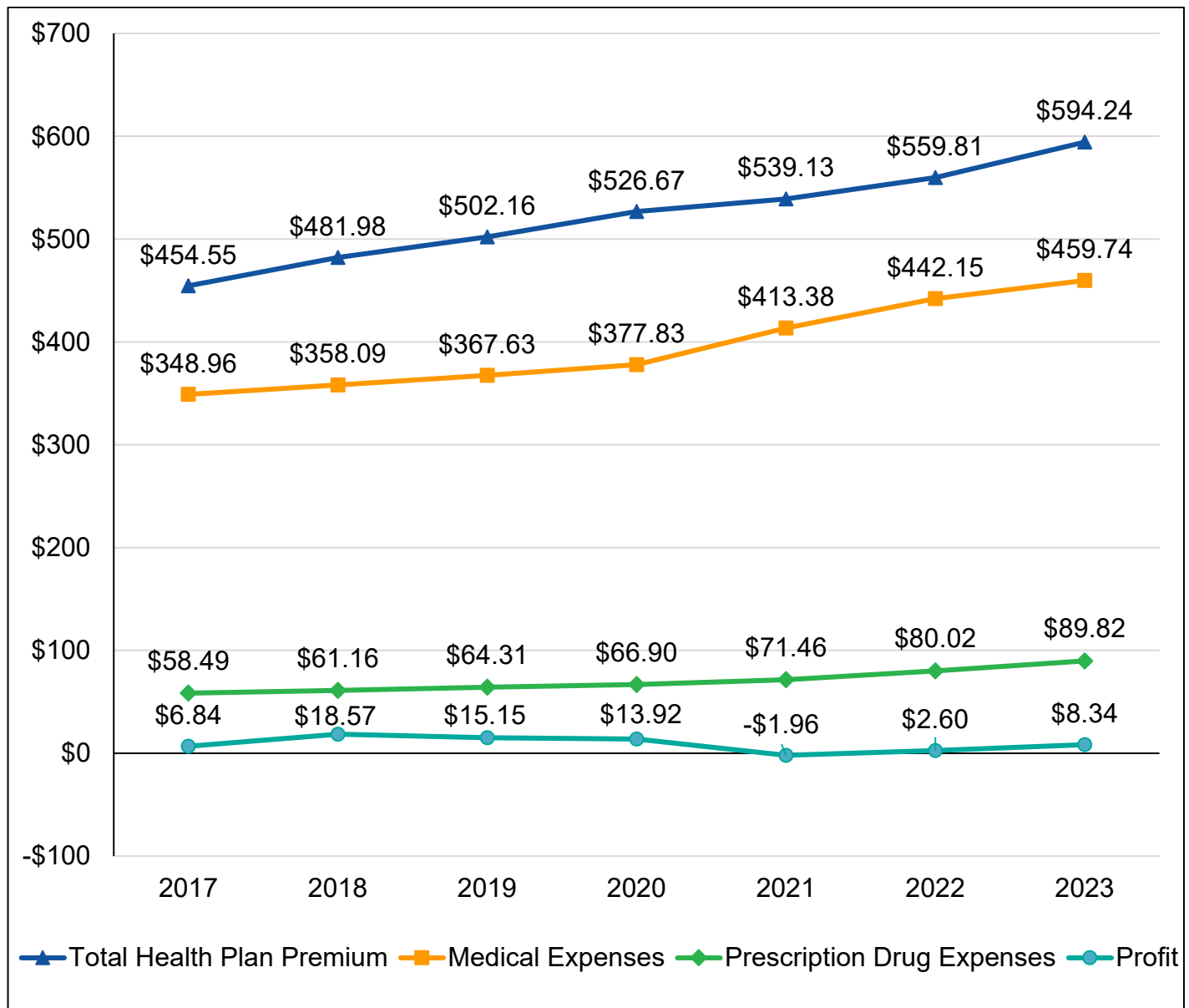
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- Specialty and brand name drugs were the primary drivers of the increase in the total prescription drug cost spending for 2023. In particular, drugs used in the management of diabetes or weight loss, such as Jardiance, Ozempic, Victoza, Farxiga, and Wegovy, had the highest year-over-year increase in total annual spending.
 - Prescription drug costs have increased at a higher rate compared to medical expenses and health plan premiums. Total prescription drug costs increased by 10.8% in 2023, whereas total medical expenses increased by 2.6% and health plan premiums increased by 4.8% from 2022 to 2023. (Table 1)
 - On a PMPM basis, health plans' prescription drug costs increased by 12.3%, medical expenses increased by 4.0% and health plan premiums increased by 6.2% from 2022 to 2023. (Table 2)
 - Manufacturer drug rebates totaled approximately \$2.6 billion, up from \$2.1 billion in 2022. This represents about 19.4% of the \$13.6 billion spent on prescription drugs in 2023. On a PMPM basis, manufacturer drug rebates equaled \$17.40 PMPM, up from \$13.86 PMPM in 2022. This also equates to 19.4% of the \$89.82 PMPM health plans paid for prescription drugs in 2023. (Tables 1 and 2)⁵
 - Specialty drugs accounted for only 2.0% of all prescriptions dispensed but accounted for 65.8% of total annual spending on prescription drugs. In contrast, generic drugs accounted for 89.2% of all prescriptions but only 12.7% of the total annual spending on prescription drugs. (Table 3)⁶
 - The 25 most frequently prescribed drugs represented 48.7% of all prescriptions and approximately 54.0% of the total annual spending on prescription drugs. (Table 5)
 - Of the 15.1% of total health plan premium that was spent on prescription drugs, the 25 most costly drugs accounted for 9.3%. (Table 8)
 - Overall, health plans paid 93.6% of the cost of the 25 most costly prescribed drugs across all three categories (generic, brand name and specialty). (Table 10b)
 - For the third year, Pfizer and Moderna COVID-19 vaccines were amongst the most frequently prescribed brand name drugs, the most costly brand name drugs, and the brand name drugs with the highest year-over-year increase in total spending.

⁵ Health plans provided the total manufacturer drug rebate information for all drugs. The manufacturer drug rebate was not provided for the 25 most frequently prescribed drugs, the 25 most costly drugs or 25 drugs with highest year-over-year increase in total annual spending.

⁶ "Specialty Drug" is a drug with a negotiated monthly cost that exceeds the threshold for a specialty drug under the Medicare Part D program (Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173)).

Chart 1a illustrates the total health plan premium, medical expenses, prescription drug expenses and profit on a PMPM basis from 2017 to 2023. All categories except profit increased consistently from 2017 to 2023. On average, enrollees paid \$594.24 per month in health plan premiums in 2023 compared to \$559.81 in 2022⁷, an increase of 6.2%. Health plan premiums increased by \$139.69 PMPM, or 30.7%, since 2017. Prescription drug expenses increased by 53.6% over the last seven years, while medical expenses increased by 31.7%. Between 2017 and 2023, health plan profit margins have ranged from a high of \$18.57 PMPM in 2018 to a low of -\$1.96 in 2021.

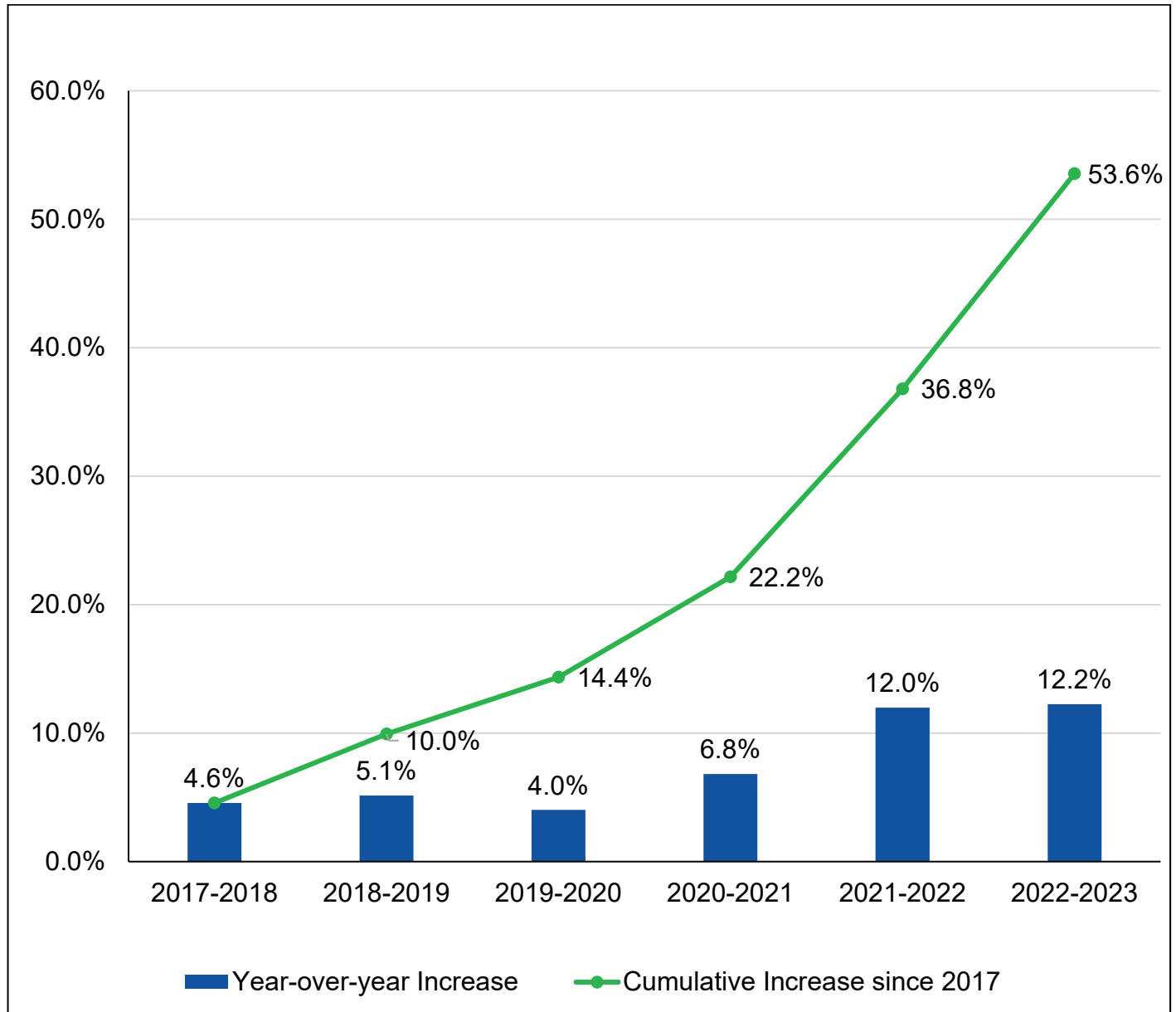
Chart 1a
Seven-Year Trend Analysis: Total Health Plan Premium, Medical Expenses, Prescription Drug Expenses and Profit (PMPM)



⁷ The 2022 data may differ from last year's report for Measurement Year 2022 as the 2022 data was updated to reflect restatements submitted by several health plans.

Chart 1b shows the year-over-year change in prescription drug costs on a PMPM basis from 2017 to 2023. Prescription drug costs have increased 53.6% over the last seven years and on average, prescription drug costs have increased by approximately 7.4% each year. However, during the last two reporting years, the increases were higher than the seven-year average. The significant increase from 2022⁸ to 2023 is predominantly attributed to an increase in spending on brand name and specialty drugs.

Chart 1b
Seven-Year Trend Analysis: Prescription Drug Cost Increase Trend (PMPM)



⁸ The 2022 data may differ from last year's report for Measurement Year 2022 as the 2022 data was updated to reflect restatements submitted by several health plans.

II. Introduction/Background

Health plans that file rate information with the DMHC are required to report specific data related to prescription drugs each year. The DMHC is required to issue an annual report that summarizes how prescription drug costs impact health plan premiums including the following categories:

- The 25 prescription drugs most frequently prescribed to health plan enrollees;
- The 25 most costly prescription drugs by total annual health plan spending;
- The 25 prescription drugs with the highest year-over-year increase in total annual health plan spending; and
- The overall impact of drug costs on healthcare premiums.

For the 2023 reporting year, 25 commercial health plans submitted data which included the proprietary drug names and therapy classes for generic, brand and specialty drugs. The number of prescriptions was measured in terms of units.⁹ The DMHC compiled and aggregated this data to ensure health plans' specific data remained confidential.¹⁰

Under a separate statutory requirement, health plans that file annual large group rate information with the DMHC are also required to file specified information regarding health plan spending and year-over-year cost increases for covered prescription drugs. Large group rate information is not discussed in this report but is posted on the [DMHC website](#).

⁹ A 30-day supply of a prescription drug is 1 unit; a supply of 31 to 60-days is 2 units, and a supply more than 60-days is 3 units.

¹⁰ HSC section 1367.243(b).

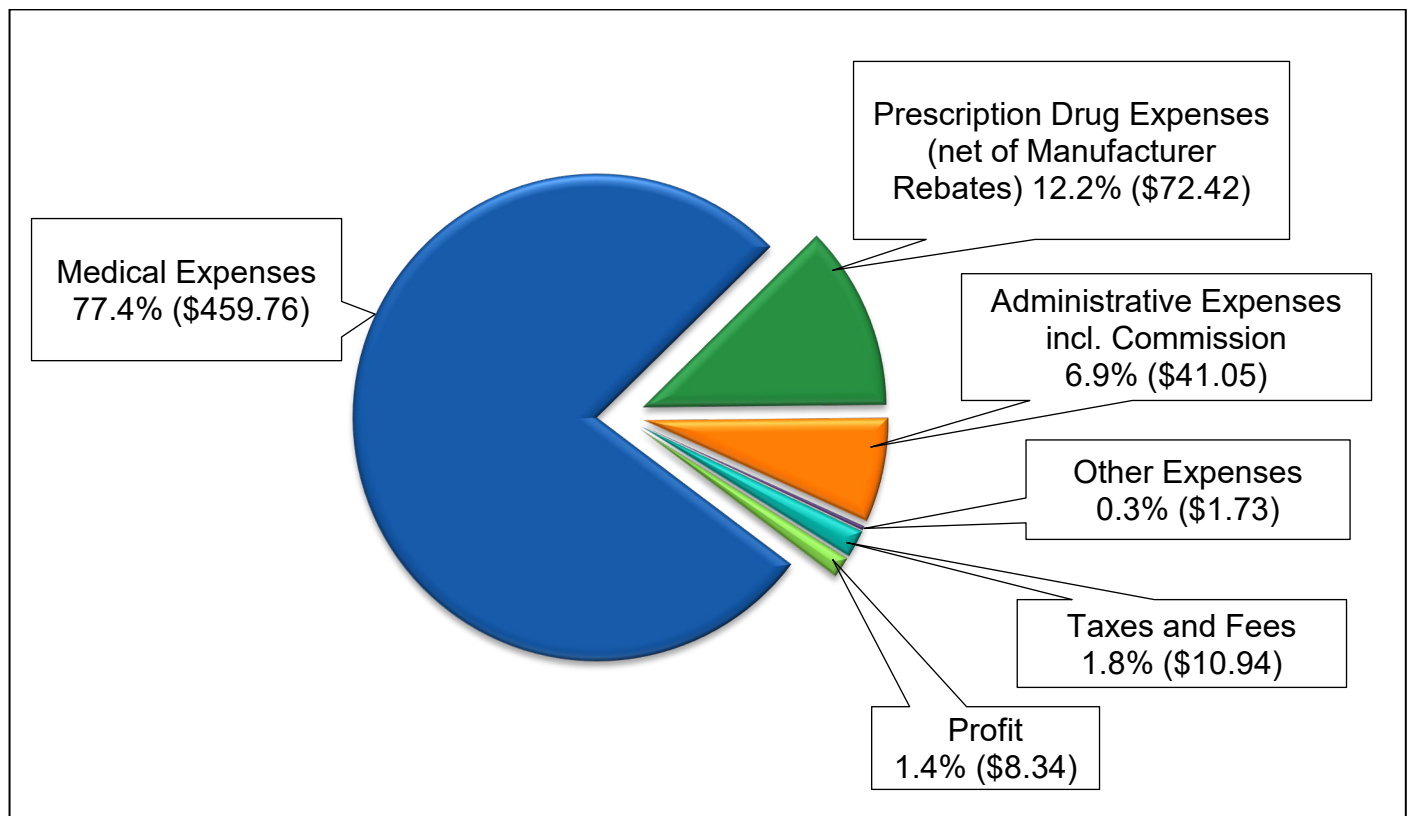
III. Overall Impact of Prescription Drug Costs on Premiums

The DMHC evaluated the overall impact of the cost of prescription drugs on total health plan premiums by calculating the portion of premium dollars that health plans spent on prescription drugs in 2023.¹¹ This was analyzed on an aggregate spending level and on a PMPM basis. PMPM calculations include the portion of the premium that was spent on a per member per month basis and are calculated using the total number of covered enrollees. Since the number of covered enrollees can change from year to year, the PMPM premium and cost percentages may be higher or lower when compared to the overall premium and cost percentages.

Chart 2 shows the breakdown of total health plan premiums on a PMPM basis. For measurement year 2023, the total health plan premium on a PMPM basis was \$594.24. Medical expenses accounted for \$459.76, or 77.4%, of the health plan premium. Prescription drug expenses, net of manufacturer rebates, accounted for \$72.42 or 12.2% of total health plan premium. Profit accounted for \$8.34, or 1.4%, of the total health plan premium. Administrative expenses including commissions, other expenses¹², and taxes and fees accounted for the remaining \$53.72, or 9.0%, of the total health plan premium.

Chart 2

Breakdown of Total Health Plan Premium (PMPM)



¹¹ Total health plan premium is the total amount the health plan paid for medical and prescription drug benefits, administrative expenses, taxes and fees, profits and adjustments for manufacturer rebates. Total health plan premium excludes member cost sharing.

¹² Other expenses may include risk adjustment transfers, quality improvement expenses, reinsurance, and incentive payments.

Table 1 shows the portion of total health plan premiums spent on prescription drugs in 2023, which was approximately \$13.6 billion, an increase of 10.8% from \$12.3 billion in 2022¹⁴. These expenses represented 15.1% of total health plan premiums, up from 14.3% in 2022. Medical expenses made up 77.4%, or \$69.5 billion, of total health plan premiums. Medical expenses increased by 2.6% since 2022, a lower rate than prescription drug expenses. Manufacturer drug rebates increased by 23.9% in 2023 and totaled approximately \$2.6 billion in 2023 compared to \$2.1 billion in 2022. These rebates helped mitigate some of the overall impact of rising prescription drug prices by reducing total health plan premiums by 2.9% in 2023. Administrative expenses increased by 3.2% and commissions increased by 3.8%. The profits increased from the previous year but remained below 2% of total health plan premium.

Table 1
Impact of Prescription Drugs on Premiums (in millions)

Category of Premium Payment	2023	Percentage of Premium	2022	Percentage of Premium	YOY Percentage Change
Prescription Drug Expenses	\$13,580	15.1%	\$12,257	14.3%	10.8%
Medical Expenses	\$69,506	77.4%	\$67,727	79.0%	2.6%
Manufacturer Drug Rebates	(\$2,630)	(2.9%)	(\$2,123)	(2.5%)	23.9%
Administrative Expenses	\$4,355	4.8%	\$4,220	4.9%	3.2%
Other Expenses	\$261	0.3%	\$215	0.2%	21.4%
Commissions	\$1,852	2.1%	\$1,784	2.1%	3.8%
Taxes and Fees	\$1,654	1.8%	\$1,270	1.5%	30.2%
Profit	\$1,261	1.4%	\$399	0.5%	216.5%
Total Health Plan Premium	\$89,839	100.0%	\$85,749	100.0%	4.8%
Member Months (in millions)¹³	151.2		153.2		(1.3%)

¹³ Member months is the sum of the total members covered by the health plans for each month over a period of time. If a member is covered in a health plan for 12 months, then the total member months for the coverage period is 12.

¹⁴ The 2022 data may differ from last year's report for Measurement Year 2022 as the 2022 data was updated to reflect material restatements submitted by several health plans.

Table 2 shows how the total health plan premium was spent on a PMPM basis in 2023 as compared to 2022¹⁴. Health plans spent \$89.82 PMPM on prescription drugs in 2023, an increase of 12.3% from 2022. Medical expenses increased by 4.0% from 2022, a lower rate than prescription drug expenses. Manufacturer drug rebates were \$17.40 PMPM in 2023 compared to \$13.86 PMPM in 2022. Administrative expenses increased by 4.5% and commissions increased by 5.2%. The profits increased from the previous year but remained below 2% of total health plan premium.

Table 2

Impact of Prescription Drugs on Premiums by PMPM

Category of Premium Payment	2023	Percentage of Premium	2022	Percentage of Premium	YOY Percentage Change
Prescription Drug Expenses	\$89.82	15.1%	\$80.02	14.3%	12.3%
Medical Expenses	\$459.76	77.4%	\$442.15	79.0%	4.0%
Manufacturer Drug Rebates	(\$17.40)	(2.9%)	(\$13.86)	(2.5%)	25.5%
Administrative Expenses	\$28.80	4.8%	\$27.55	4.9%	4.5%
Other Expenses	\$1.73	0.3%	\$1.41	0.2%	22.7%
Commissions	\$12.25	2.1%	\$11.65	2.1%	5.2%
Taxes and Fees	\$10.94	1.8%	\$8.29	1.5%	32.0%
Profit	\$8.34	1.4%	\$2.60	0.5%	220.8%
Total Health Plan Premium	\$594.24	100.0%	\$559.81	100.0%	6.2%
Member Months (in millions)	151.2		153.2		(1.3%)

¹⁴ The 2022 data may differ from last year's report for Measurement Year 2022 as the 2022 data was updated to reflect restatements submitted by several health plans.

Tables 3 and 4 show the portion of total annual spending on generic, brand name, and specialty drugs from 2020 to 2023, which includes the total amount paid by health plans and enrollees for prescription drugs and is not adjusted for any manufacturer rebates.

These tables highlight how specialty drugs account for a small portion of the total drugs prescribed but make up almost two-thirds of the total annual spending on prescription drugs. Generic drugs accounted for 89.2% of all prescriptions but represented only 12.7% (or \$12.20 PMPM) of the total annual spending on prescription drugs in 2023. Conversely, specialty drugs accounted for only 2.0% of all prescriptions but represented 65.8% (or \$63.39 PMPM) of the total annual spending on prescription drugs.

As seen on Tables 3 and 4, the proportion of generic and brand name drugs spending have decreased from three years ago while the proportion of specialty drugs spending has increased year over year.

Table 3

Volume of Prescription Drugs and Total Annual Spending on All Prescription Drugs

Category	Generic	Brand Name	Specialty	Overall
Measurement Year – 2023				
2023 Volume of All Prescription Drugs	89.2%	8.8%	2.0%	100.0%
2023 Annual Spending on All Prescription Drugs	12.7%	21.5%	65.8%	100.0%
Measurement Year – 2022				
2022 Volume of All Prescription Drugs	88.9%	9.5%	1.6%	100.0%
2022 Annual Spending on All Prescription Drugs	14.4%	21.6%	64.0%	100.0%
Measurement Year – 2021				
2021 Volume of All Prescription Drugs	88.2%	10.2%	1.6%	100.0%
2021 Annual Spending on All Prescription Drugs	16.3%	20.8%	62.9%	100.0%
Measurement Year – 2020				
2020 Volume of All Prescription Drugs	89.1%	9.3%	1.6%	100.0%
2020 Annual Spending on All Prescription Drugs	18.1%	21.7%	60.2%	100.0%

Table 4**Total Annual Spending on Prescription Drugs by PMPM**

Category	Generic	Brand Name	Specialty	Overall
Measurement Year – 2023				
2023 Annual Spending on All Prescription Drugs	\$12.20	\$20.76	\$63.39	\$96.35
2023 Number of Prescriptions (in millions)	125.8	12.4	2.8	141.0
2023 Total Member Months for Pharmacy Benefits Carve-in (in millions)				151.2
Measurement Year – 2022				
2022 Annual Spending on All Prescription Drugs	\$12.41	\$18.58	\$54.94	\$85.93
2022 Number of Prescriptions (in millions)	122.5	13.1	2.3	137.9
2022 Total Member Months for Pharmacy Benefits Carve-in (in millions)				153.2
Measurement Year – 2021				
2021 Annual Spending on All Prescription Drugs	\$12.62	\$16.11	\$48.73	\$77.46
2021 Number of Prescriptions (in millions)	107.6	12.4	2.0	122.0
2021 Total Member Months for Pharmacy Benefits Carve-in (in millions)				150.7
Measurement Year - 2020				
2020 Annual Spending on All Prescription Drugs	\$13.40	\$16.07	\$44.70	\$74.17
2020 Number of Prescriptions (in millions)	108.2	11.3	2.0	121.5
2020 Total Member Months for Pharmacy Benefits Carve-in (in millions)				151.0

IV. 25 Most Frequently Prescribed Drugs

Health plans reported specific data on the 25 most frequently prescribed drugs. This data has been aggregated and is displayed in the charts in Appendix C. The observations from the 2023 health plan data related to the 25 most frequently prescribed drugs include:

- The 25 most frequently prescribed drugs accounted for approximately 48.7% of all prescriptions and approximately 54.0% of the total annual spending on prescription drugs. (Table 5)
- The 25 most frequently prescribed generic drugs represented 41.0% of all prescriptions. However, generic drugs accounted for only 2.8% of the total annual spending on prescription drugs and only 0.2% of the total health plan premium. (Table 5)
- In contrast, the 25 most frequently prescribed specialty drugs accounted for only 1.5% of all prescriptions but 37.4% of the total annual spending on prescription drugs and 5.9% of the total health plan premium. (Table 5)
- Total annual health plan spending on prescription drugs was \$89.82 PMPM. Overall, the 25 most frequently prescribed drugs accounted for \$48.06 PMPM (53.5%) of the total annual health plan spending on prescription drugs. (Table 6)
- Total annual spending for the 25 most frequently prescribed drugs was \$7.9 billion of which \$7.3 billion, or 92.4%, was paid by health plans and \$596 million, or 7.6%, was paid by enrollees. (Tables 7a and 7b)

Table 5 summarizes the 25 most frequently prescribed drugs by total annual spending on prescription drugs from 2020 to 2023.

Table 5

25 Most Frequently Prescribed Drugs by Total Annual Spending

Category	25 Most Frequently Prescribed Drugs				All Other Prescribed Drugs	Total
	Generic	Brand Name	Specialty	Subtotal		
Measurement Year – 2023						
2023 Total Percentage of Prescription Drugs	41.0%	6.2%	1.5%	48.7%	51.3%	100.0%
2023 Total Annual Spending on Prescription Drugs	2.8%	13.8%	37.4%	54.0%	46.0%	100.0%
2023 Impact on Total Health Plan Premiums	0.2%	2.1%	5.9%	8.2%	6.9%	15.1%
Measurement Year – 2022						
2022 Total Percentage of Prescription Drugs	41.0%	7.0%	1.2%	49.2%	50.8%	100.0%
2022 Total Annual Spending on Prescription Drugs	3.1%	12.8%	35.0%	50.9%	49.1%	100.0%
2022 Impact on Total Health Plan Premiums	0.2%	1.8%	5.2%	7.2%	7.1%	14.3%
Measurement Year – 2021						
2021 Total Percentage of Prescription Drugs	40.3%	7.8%	1.1%	49.2%	50.8%	100.0%
2021 Total Annual Spending on Prescription Drugs	3.0%	10.9%	28.6%	42.5%	57.5%	100.0%
2021 Impact on Total Health Plan Premiums	0.2%	1.4%	4.0%	5.6%	7.7%	13.3%
Measurement Year – 2020						
2020 Total Percentage of Prescription Drugs	40.5%	6.6%	1.1%	48.2%	51.8%	100.0%
2020 Total Annual Spending on Prescription Drugs	3.3%	11.9%	31.0%	46.2%	53.8%	100.0%
2020 Impact on Total Health Plan Premiums	0.2%	1.5%	4.2%	5.9%	6.8%	12.7%

Table 6 summarizes the 25 most frequently prescribed drugs by PMPM dollar amounts. The PMPM calculations were made using the total annual health plan spending on prescription drugs, which excludes enrollee cost sharing and is not adjusted for any manufacturer rebates.

Table 6
25 Most Frequently Prescribed Drugs by PMPM

Category	2023 PMPM Amount	2023 Percentage of Total Annual Health Plan Drug Spending	2022 PMPM Amount	2022 Percentage of Total Annual Health Plan Drug Spending
Generic Drugs	\$1.10	1.2%	\$1.06	1.3%
Brand Name Drugs	\$12.20	13.6%	\$10.03	12.6%
Specialty Drugs	\$34.76	38.7%	\$29.09	36.4%
25 Most Frequently Prescribed Drugs Total	\$48.06	53.5%	\$40.18	50.3%
All Other Prescribed Drugs	\$41.76	46.5%	\$39.84	49.7%
Total Annual Health Plan Prescription Drug Spending	\$89.82	100.0%	\$80.02	100.0%

Tables 7a and 7b show the portion of prescription drug costs paid by both health plans and enrollees for 2022 and 2023.

Table 7a

25 Most Frequently Prescribed Drugs by Health Plan and Enrollee Spending

Category	Total Paid by Health Plans (in millions)		Total Paid by Enrollees (in millions)		Total Annual Spending for Prescription Drugs (in millions)	
	2023	2022	2023	2022	2023	2022
Generic Drugs	\$167	\$160	\$240	\$237	\$407	\$397
Brand Name Drugs	\$1,845	\$1,519	\$162	\$141	\$2,007	\$1,660
Specialty Drugs	\$5,256	\$4,405	\$194	\$148	\$5,450	\$4,553
25 Most Frequently Prescribed Drugs Total	\$7,268	\$6,084	\$596	\$526	\$7,864	\$6,610
All Other Prescribed Drugs	\$6,312	\$6,173	\$391	\$398	\$6,703	\$6,571
Total for All Prescribed Drugs	\$13,580	\$12,257	\$987	\$924	\$14,567	\$13,181

Table 7b**25 Most Frequently Prescribed Drugs by Health Plan and Enrollee Percent of Spending**

Category	2023 Percentage Paid by Health Plans	2023 Percentage Paid by Enrollees	2023 Total Percentage Paid by Health Plans and Enrollees	2022 Percentage Paid by Health Plans	2022 Percentage Paid by Enrollees	2022 Total Percentage Paid by Health Plans and Enrollees
Generic Drugs	41.0%	59.0%	100.0%	40.3%	59.7%	100.0%
Brand Name Drugs	91.9%	8.1%	100.0%	91.5%	8.5%	100.0%
Specialty Drugs	96.4%	3.6%	100.0%	96.7%	3.3%	100.0%
25 Most Frequently Prescribed Drugs Total	92.4%	7.6%	100.0%	92.0%	8.0%	100.0%

V. 25 Most Costly Drugs by Total Annual Spending

This section analyzes the prescription drug information related to the 25 most costly drugs. The charts in Appendix C list the 25 most costly generic, brand name, and specialty drugs. The observations from the 2023 health plan data related to the 25 most costly drugs by total annual spending includes:

- The 25 most costly drugs accounted for 33.9% of the total number of prescriptions and 61.3% of the total annual spending on prescription drugs. Of the 15.1% of total health plan premium that was spent on prescription drugs, the 25 most costly drugs accounted for 9.3%. (Table 8)
- The 25 most costly specialty drugs accounted for only 1.4% of all prescriptions, but they represented 41.5% of the total annual prescription drug spending and approximately 6.5% of the overall total health plan premiums. Conversely, the most costly generic drugs accounted for 27.4% of all prescriptions, but only 4.5% of the total annual spending on prescription drugs and 0.5% of health plan premiums. (Table 8)
- Overall, the 25 most costly drugs accounted for \$55.24 PMPM (61.4%) of the total annual health plan spending on prescription drugs in 2023. (Table 9)
- Health plans paid \$8.35 billion, or 93.6%, of the cost of the 25 most costly drugs in 2023 and enrollees paid the remaining \$574 million, or 6.4%. (Tables 10a and 10b)
- Health plans paid 96.9% of the 25 most costly specialty drugs, 92.5% of the 25 most costly brand name drugs, and 66.6% of the 25 most costly generic drugs. Enrollees paid 3.1% of the cost of the 25 most costly specialty drugs, 7.5% of the costs of the 25 most costly brand name drugs, and 33.4% of the cost of the 25 most costly generic drugs. (Table 10b)

Table 8 summarizes the 25 most costly drugs by total annual spending on prescription drugs from 2020 to 2023.

Table 8
25 Most Costly Prescribed Drugs by Total Annual Spending

Category	25 Most Costly Prescribed Drugs				All Other Prescribed Drugs	Total
	Generic	Brand Name	Specialty	Subtotal		
Measurement Year – 2023						
2023 Total Percentage of Prescription Drugs	27.4%	5.1%	1.4%	33.9%	66.1%	100.0%
2023 Total Annual Spending on Prescription Drugs	4.5%	15.3%	41.5%	61.3%	38.7%	100.0%
2023 Impact on Total Health Plan Premiums	0.5%	2.3%	6.5%	9.3%	5.8%	15.1%
Measurement Year – 2022						
2022 Total Percentage of Prescription Drugs	26.7%	5.7%	1.0%	33.4%	66.6%	100.0%
2022 Total Annual Spending on Prescription Drugs	4.9%	14.6%	39.4%	58.9%	41.1%	100.0%
2022 Impact on Total Health Plan Premiums	0.5%	2.1%	5.9%	8.5%	5.8%	14.3%
Measurement Year – 2021						
2021 Total Percentage of Prescription Drugs	26.6%	6.6%	0.9%	34.1%	65.9%	100.0%
2021 Total Annual Spending on Prescription Drugs	5.2%	12.6%	33.4%	51.2%	48.8%	100.0%
2021 Impact on Total Health Plan Premiums	0.5%	1.6%	4.7%	6.8%	6.5%	13.3%
Measurement Year – 2020						
2020 Total Percentage of Prescription Drugs	25.7%	5.6%	1.0%	32.3%	67.7%	100.0%
2020 Total Annual Spending on Prescription Drugs	5.7%	13.5%	35.6%	54.8%	45.2%	100.0%
2020 Impact on Total Health Plan Premiums	0.6%	1.7%	4.9%	7.2%	5.5%	12.7%

Table 9 summarizes the 25 most costly drugs by PMPM dollar amounts. The PMPM calculations were made using the total annual health plan spending on prescription drugs, which excludes enrollee cost sharing and is not adjusted for any manufacturer rebates.

Table 9

25 Most Costly Drugs by PMPM

Category	2023 PMPM Amount	2023 Percentage of Total Annual Health Plan Drug Spending	2022 PMPM Amount	2022 Percentage of Total Annual Health Plan Drug Spending
Generic Drugs	\$2.89	3.2%	\$2.80	3.5%
Brand Name Drugs	\$13.61	15.1%	\$11.53	14.4%
Specialty Drugs	\$38.74	43.1%	\$32.93	41.3%
25 Most Costly Drugs Total	\$55.24	61.4%	\$47.26	59.1%
All Other Prescribed Drugs	\$34.58	38.6%	\$32.76	40.9%
Total Annual Health Plan Prescription Drug Spending	\$89.82	100.0%	\$80.02	100.0%

Tables 10a and 10b show the portion of prescription drug costs that were paid by both health plans and enrollees in 2022 and 2023.

Table 10a

25 Most Costly Drugs by Health Plan and Enrollee Spending

Category	Total Paid by Health Plans (in millions)		Total Paid by Enrollees (in millions)		Total Annual Spending for Prescription Drugs (in millions)	
	2023	2022	2023	2022	2023	2022
Generic Drug	\$437	\$424	\$219	\$211	\$656	\$635
Brand Name Drug	\$2,057	\$1,745	\$168	\$152	\$2,225	\$1,897
Specialty Drug	\$5,857	\$4,988	\$187	\$142	\$6,044	\$5,130
Total	\$8,351	\$7,157	\$574	\$505	\$8,925	\$7,662

Table 10b

25 Most Costly Drugs by Health Plan and Enrollee Percent of Spending

Category	2023 Percentage Paid by Health Plans	2023 Percentage Paid by Enrollees	2023 Total Percentage Paid by Health Plans and Enrollees	2022 Percentage Paid by Health Plans	2022 Percentage Paid by Enrollees	2022 Total Percentage Paid by Health Plans and Enrollees
Generic Drug	66.6%	33.4%	100.0%	66.7%	33.3%	100.0%
Brand Name Drug	92.5%	7.5%	100.0%	92.0%	8.0%	100.0%
Specialty Drug	96.9%	3.1%	100.0%	97.2%	2.8%	100.0%
Total	93.6%	6.4%	100.0%	93.4%	6.6%	100.0%

VI. 25 Drugs with the Highest Year-Over-Year Increase in Total Annual Spending

Table 11 summarizes the 25 drugs with the highest year-over-year increase in total annual spending from 2020 to 2023. The observations from the 2023 health plan data related to the 25 drugs with the highest year-over-year increase in total spending include:

- The 25 drugs with the highest year-over-year increase in spending accounted for 45.8% of the total annual spending on prescription drugs, an increase from the prior three years. (Table 11)
- The 25 specialty drugs with the highest year-over-year increase in spending accounted for 32.8% of the total annual spending on prescription drugs. The 25 brand name drugs with the highest year-over-year increase in spending accounted for 10.9% of the total annual spending on prescription drugs. The 25 generic drugs with the highest year-over-year increase accounted for only 2.1% of the total annual spending on prescription drugs. (Table 11)
- The primary drugs that are driving the increase in the total prescription drug cost spending for 2023 are drugs used in the management of diabetes or for weight loss, such as Jardiance, Ozempic, Victoza, Farxiga, and Wegovy. Other drugs with the highest increase included biological immunological drugs such as Stelara, Humira, Risankizumab, and Dupixent. Consistent with these findings, other industry reports affirm that biologics, diabetes, and weight loss drugs rank among the most expensive and rapidly expanding drugs. (Appendix C)

Since health plan reporting did not include specific data on the change in volume of prescription drugs, the DMHC is unable to discern whether the 25 drugs with the highest year-over-year increase in spending is due to increases in drug prices, increases in the volume of prescriptions, or some combination of both.

Table 11**25 Drugs with Highest Year-Over-Year Increase in Total Annual Spending on All Prescription Drugs**

Category	25 Drugs with Highest Year-Over-Year Increase in Total Spending				All Other Prescribed Drugs	Total
	Generic	Brand Name	Specialty	Subtotal		
Measurement Year – 2023						
Total Annual Spending on Prescription Drugs with highest year-over-year increase from 2022 to 2023	2.1%	10.9%	32.8%	45.8%	54.2%	100.0%
Measurement Year – 2022						
Total Annual Spending on Prescription Drugs with highest year-over-year increase from 2021 to 2022	2.7%	10.7%	32.2%	45.6%	54.4%	100.0%
Measurement Year – 2021						
Total Annual Spending on Prescription Drugs with highest year-over-year increase from 2020 to 2021	2.6%	7.7%	22.6%	32.9%	67.1%	100.0%
Measurement Year – 2020						
Total Annual Spending on Prescription Drugs with highest year-over-year increase from 2019 to 2020	2.9%	9.2%	23.7%	35.8%	64.2%	100.0%

VII. Conclusion

Prescription drugs have a significant impact on health care premiums, which continue to increase each year. Since the DMHC first began collecting prescription drug information in 2017, prescription drug costs paid by health plans increased by \$4.9 billion. Over the last two years, prescription drug costs have increased by over 12% year-over-year, while increases in the earlier years of reporting were approximately 5% year-over-year.

While the proportion of drugs prescribed as generic increased from 2017 to 2023, the annual spending on specialty drugs has continued to increase. Brand name and specialty drugs, including drugs used in the management of diabetes or weight loss and biological immunological drugs were contributors to increased spending in 2023 along with continued spending on COVID-19 vaccines.

The report provides important information on the impact of prescription drug costs on health care premiums. The DMHC will continue to collect and annually report the data which will enable the public to understand how the cost of prescription drugs impact health care premiums over time.

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Appendices

to the

Prescription Drug Cost Transparency Report

Measurement Year 2023

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Appendix A:

Summary of Data Limitations, Data Aggregation, Methods, and Assumptions

In developing this report, the DMHC relied on data and information provided by 25 commercial health plans. The DMHC did not audit the data sources for accuracy; however, the DMHC reviewed them for reasonableness. Additionally, health plans may estimate some of the factors related to claims and risk adjustment transfers which may result in variations when compared with previous reporting years.

Each health plan provided a list of its 25 most frequently prescribed drugs, its 25 most costly drugs, and the 25 drugs with the highest dollar increases in spending from 2022 to 2023. This data was provided separately for generic, brand name, and specialty drugs. In total, each health plan provided nine lists of drugs, each with 25 entries. These appear in Appendix C. The analyses within this report are related to the drugs on those lists.

The lists of drugs provided by the health plans were aggregated by prescription drug name. In addition to the drug name, the health plans provided National Drug Codes (NDC) for each drug. The NDCs were cross-referenced against the drug name to ensure the names of drugs were aggregated appropriately.

Two common inconsistencies were observed when aggregating the drugs by name and cross-referencing the NDC. First, two drugs with the same NDCs may have been given different variations of a name by different health plans. For example, Health Plan A assigns the drug name for a group of NDCs as Advair while Health Plan B assigns the name Advair Diskus to the same set of NDCs. In this case, it was assumed these two health plans were referencing the same drug and were given a common name (e.g., Advair). Second, for a given set of NDC codes, two health plans may have assigned a varying number of drug names. For instance, Health Plan A references a given set of NDCs as Metformin while Health Plan B separates those same NDCs between Metformin HCL and Metformin HCL ER. In this case, because Health Plan A's list does not provide the additional breakdown, we utilized the common name (e.g., Metformin).

In the process of aggregating the data, a program cross-referenced differing drug names which referenced the same NDCs. Manual checks were then performed to ensure that drugs with naming inconsistencies were combined appropriately.

Once aggregated, the prescription drugs were sorted by the total number of prescriptions for the 25 most frequently prescribed drugs, the total annual prescription drug spending in 2023 for the 25 most costly drugs, and the total dollar amount increase in spending from 2022 to 2023 for the 25 drugs with the highest increase. From there, the top 25 drugs were selected from each category.

It should be noted that, because only a top 25 list was provided by the health plans, the analyses are not based on total spending and prescriptions by these health plans. For instance, if one health plan had a drug at number 17 on its list and another health plan had it at 28, the spending and prescriptions for that second health plan would not have been provided. However, given that over 80% of the market is dominated by three health plans and that across the nine lists, the 25th drug is less than 1.5% of total prescription drug spending and equal to or less than 1% of spending within its respective generic, brand name, or specialty drug class in the nine lists, the DMHC believes the analyses in this report are representative of the prescription drug market in the state of California.

Appendix A:

Summary of Data Limitations, Data Aggregation, Methods, and Assumptions

Each prescription drug name was also associated with a therapy class relating to the therapeutic category in line with the United States Pharmacopeia standards. While some health plans provided this information, others left this field blank or referenced other therapeutic classes. For consistency, each drug was manually assigned a therapy class as shown in the charts in Appendix C.

The health plans aggregated total costs of drugs and total number of prescriptions by generic, brand name, and specialty drugs as well as the total amount the health plan paid in aggregate for generic, brand name, and specialty drugs.

The health plans also provided their medical expenses, manufacturer rebates, administrative expenses, commissions, taxes and fees, and profit which allowed the DMHC to develop a total premium value.

Appendix B:

List of Health Plans Required to File Pursuant to California Health and Safety Code section 1367.243

#	Health Plan Name	Doing Business As (DBA)
1	Aetna Health of California, Inc.	
2	Alameda Alliance For Health	
3	Blue Cross of California	Anthem Blue Cross
4	California Physicians' Service	Blue Shield of California
5	Chinese Community Health Plan	
6	Cigna HealthCare of California, Inc.	
7	Community Care Health Plan, Inc.	
8	Contra Costa County Medical Services	Contra Costa Health Plan
9	County of Ventura	Ventura County Health Care Plan
10	Health Net of California, Inc.	
11	Kaiser Foundation Health Plan, Inc.	Kaiser Permanente
12	Local Initiative Health Authority For Los Angeles County	L.A. Care Health Plan
13	MemorialCare Select Health Plan	
14	Molina Healthcare of California	
15	Oscar Health Plan of California	
16	San Francisco Health Authority	San Francisco Health Plan
17	San Mateo Health Commission	Health Plan of San Mateo
18	Santa Clara County	Valley Health Plan
19	Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission	Central California Alliance for Health
20	Scripps Health Plan Services, Inc.	
21	Sharp Health Plan	
22	Sutter Health Plan	Sutter Health Plus
23	UHC of California	UnitedHealthcare of California
24	UnitedHealthcare Benefits Plan of California	
25	Western Health Advantage	

Appendix C:

Lists of Prescription Drugs

25 Most Frequently Prescribed Generic Drugs

Rank	Prescription Drug Name	Therapy Class
1	ATORVASTATIN	Cardiovascular Agents
2	METFORMIN	Blood Glucose Regulators
3	LISINOPRIL	Cardiovascular Agents; Central Nervous System Agents
4	AMLODIPINE	Cardiovascular Agents
5	LEVOTHYROXINE	Antibacterials; Hormonal Agents - Thyroid
6	LOSARTAN	Cardiovascular Agents
7	ROSUVASTATIN	Cardiovascular Agents
8	SERTRALINE	Antidepressants
9	ESCITALOPRAM	Antidepressants
10	ALBUTEROL	Respiratory Tract/Pulmonary Agents
11	IBUPROFEN	Analgesics; Anti-Inflammatory Agents
12	HYDROCHLOROTHIAZIDE	Cardiovascular Agents
13	OMEPRAZOLE	Gastrointestinal Agents
14	BUPROPION	Antidepressants
15	GABAPENTIN	Anticonvulsants
16	AMOXICILLIN	Antibacterials
17	FLUOXETINE	Antidepressants
18	TRAZODONE	Antidepressants
19	METOPROLOL	Cardiovascular Agents
20	GLIPIZIDE	Blood Glucose Regulators
21	ATENOLOL	Cardiovascular Agents
22	PREDNISONE	Genitourinary Agents; Hormonal Agents - Adrenal; Inflammatory Bowel Disease Agents
23	SILDENAFIL	Respiratory Tract/Pulmonary Agents
24	JUNEL	Contraceptives
25	PANTOPRAZOLE	Gastrointestinal Agents

Appendix C:

Lists of Prescription Drugs

25 Most Frequently Prescribed Brand Name Drugs

Rank	Prescription Drug Name	Therapy Class
1	JARDIANCE	Blood Glucose Regulators
2	HUMULIN	Blood Glucose Regulators
3	ALVESCO	Respiratory Tract/Pulmonary Agents
4	HUMALOG	Blood Glucose Regulators
5	PFIZER COVID-19 VACCINE	Viral Vaccines
6	OZEMPIC	Blood Glucose Regulators
7	FLUCELVAX	Vaccines
8	VYVANSE	Central Nervous System Agents
9	PAXLOVID	Antivirals
10	LANTUS	Blood Glucose Regulators
11	SYNTHROID	Hormonal Agents - Thyroid
12	RETIN-A	Dermatological Agents
13	MODERNA COVID-19 VACCINE	Viral Vaccines
14	ELIQUIS	Blood Products And Modifiers
15	LO LOESTRIN FE	Contraceptives; Hormonal Agents - Sex Hormones/Modifiers
16	PRADAXA	Blood Products And Modifiers
17	ONETOUCH	Glucose Testing Supplies
18	ACCU-CHEK	Glucose Testing Supplies
19	INSULIN	Blood Glucose Regulators
20	FARXIGA	Blood Glucose Regulators
21	ESTRADIOL	Hormonal Agents - Sex Hormones/Modifiers
22	VICTOZA	Blood Glucose Regulators
23	SYMBICORT	Respiratory Tract/ Pulmonary Agents; Respiratory Tract/Pulmonary Agents
24	FLOVENT	Inflammatory Bowel Disease Agents; Respiratory Tract/Pulmonary Agents
25	NOVOLOG	Blood Glucose Regulators

Appendix C:

Lists of Prescription Drugs

25 Most Frequently Prescribed Specialty Drugs

Rank	Prescription Drug Name	Therapy Class
1	OZEMPIC	Blood Glucose Regulators
2	TRULICITY	Blood Glucose Regulators
3	WEGOVY	Anti-Obesity Agents
4	BIKTARVY	Antivirals
5	DESCOVY	Antivirals
6	DUPIXENT	Dermatological Agents; Immunological Agents
7	HUMIRA	Immunological Agents
8	MOUNJARO	Blood Glucose Regulators
9	RYBELSUS	Antidiabetics
10	COSENTYX	Dermatological Agents; Immunological Agents
11	NURTEC ODT	Antimigraine Agents
12	ENBREL	Immunological Agents
13	AMJEVITA	Immunological Agents
14	STELARA	Immunological Agents
15	OTEZLA	Dermatological Agents; Immunological Agents
16	UBRELVY	Antimigraine Agents
17	GENVOYA	Antivirals
18	RISANKIZUMAB	Antipsoriatics
19	VRAYLAR	Antipsychotics
20	TREMFYA	Immunological Agents
21	VEMLIDY	Antivirals
22	XIFAXAN	Antibacterials
23	CREON	Genetic Or Enzyme Disorder: Replacement, Modifiers, Treatment
24	REXULTI	Antipsychotics
25	NIVESTYM	Blood Products and Modifiers

Appendix C:

Lists of Prescriptions Drugs

25 Most Costly Generic Drugs by Total Annual Spending

Rank	Prescription Drug Name	Therapy Class
1	DEXTROAMPHETAMINE	Central Nervous System Agents
2	WIXELA	Bronchodilators, Sympathomimetic
3	ESTRADIOL	Hormonal Agents - Sex Hormones/Modifiers
4	ALBUTEROL	Respiratory Tract/Pulmonary Agents
5	LEVOTHYROXINE	Antibacterials; Hormonal Agents - Thyroid
6	ATORVASTATIN	Cardiovascular Agents
7	EMTRICITABINE AND TENOFOVIR DISOPROXIL FUMARATE	Antivirals
8	ROSUVASTATIN	Cardiovascular Agents
9	ERTUGLIFLOZIN PIDOLATE	Respiratory Tract/Pulmonary Agents
10	MESALAMINE	Inflammatory Bowel Disease Agents
11	METHYLPHENIDATE	Central Nervous System Agents
12	METFORMIN	Blood Glucose Regulators
13	BUPROPION	Antidepressants
14	BUDESONIDE	Hormonal Agents - Adrenal
15	LOSARTAN	Cardiovascular Agents
16	LISDEXANFETAMINE	Cardiovascular Agents, Other
17	TACROLIMUS	Dermatological Agents; Immunological Agents; Immunological Agents
18	BUPRENORPHINE	Anti-Addiction/Substance Abuse Treatment Agents; Analgesics
19	TESTOSTERONE	Hormonal Agents - Sex Hormones/Modifiers
20	IBUPROFEN	Analgesics; Anti-Inflammatory Agents
21	SERTRALINE	Antidepressants
22	GABAPENTIN	Anticonvulsants
23	AMLODIPINE	Cardiovascular Agents
24	TRETINOIN	Dermatological Agents; Antineoplastics
25	LISINOPRIL	Cardiovascular Agents; Central Nervous System Agents

Appendix C:

Lists of Prescriptions Drugs

25 Most Costly Brand Name Drugs by Total Annual Spending

Rank	Prescription Drug Name	Therapy Class
1	JARDIANCE	Blood Glucose Regulators
2	OZEMPIC	Blood Glucose Regulators
3	VYVANSE	Central Nervous System Agents
4	ELIQUIS	Blood Products And Modifiers
5	HUMALOG	Blood Glucose Regulators
6	VICTOZA	Blood Glucose Regulators
7	FARXIGA	Blood Glucose Regulators
8	JANUVIA	Blood Glucose Regulators
9	XARELTO	Blood Products And Modifiers
10	HUMULIN	Blood Glucose Regulators
11	ENTRESTO	Cardiovascular Agents
12	LANTUS	Blood Glucose Regulators
13	SYMBICORT	Respiratory Tract/ Pulmonary Agents; Respiratory Tract/Pulmonary Agents
14	PFIZER COVID-19 VACCINE	Viral Vaccines
15	ALVESCO	Respiratory Tract/Pulmonary Agents
16	MODERNA COVID-19 VACCINE	Viral Vaccines
17	LO LOESTRIN FE	Contraceptives; Hormonal Agents - Sex Hormones/Modifiers
18	TRELEGY	Respiratory Tract/Pulmonary Agents
19	FLOVENT	Inflammatory Bowel Disease Agents; Respiratory Tract/Pulmonary Agents
20	REPATHA	Cardiovascular Agents
21	EMGALITY	Antimigraine Agents
22	LINZESS	Gastrointestinal Agents
23	TRINTELLIX	Antidepressants
24	CONCERTA	Central Nervous System Agents
25	NOVOLOG	Blood Glucose Regulators

Appendix C:

Lists of Prescriptions Drugs

25 Most Costly Specialty Drugs by Total Annual Spending

Rank	Prescription Drug Name	Therapy Class
1	HUMIRA	Immunological Agents
2	STELARA	Immunological Agents
3	BIKTARVY	Antivirals
4	DUPIXENT	Dermatological Agents; Immunological Agents
5	OZEMPIC	Blood Glucose Regulators
6	ENBREL	Immunological Agents
7	COSENTYX	Dermatological Agents; Immunological Agents
8	DESCOVY	Antivirals
9	RISANKIZUMAB	Antipsoriatics
10	OTEZLA	Dermatological Agents; Immunological Agents
11	WEGOVY	Anti-Obesity Agents
12	REVLIMID	Antineoplastics
13	TRULICITY	Blood Glucose Regulators
14	TREMFYA	Immunological Agents
15	VERZENIO	Antineoplastics
16	IBRANCE	Antineoplastics
17	RINVOQ	Antiarthritics
18	GENVOYA	Antivirals
19	AMJEVITA	Immunological Agents
20	TRIKAFTA	Respiratory Tract/Pulmonary Agents
21	TAGRISO	Antineoplastics
22	TALTZ	Immunological Agents
23	TRIUMEQ	Antivirals
24	XELJANZ	Immunological Agents
25	RYBELSUS	Antidiabetics

Appendix C:

Lists of Prescriptions Drugs

25 Generic Drugs with the Highest Year-Over-Year Increase in Total Spending

Rank	Prescription Drug Name	Therapy Class
1	DEXTROAMPHETAMINE	Central Nervous System Agents
2	CYCLOSPORINE	Immunological Agents
3	SODIUM SULFATE/POTASSIUM	Laxatives
4	AMOXICILLIN	Antibacterials
5	ERTUGLIFLOZIN PIDOLATE	Respiratory Tract/Pulmonary Agents
6	ESTRADIOL	Hormonal Agents - Sex Hormones/Modifiers
7	MESALAMINE	Inflammatory Bowel Disease Agents
8	LISDEXANFETAMINE	Cardiovascular Agents, Other
9	FLUTICASONE	Dermatological Agents; Respiratory Tract/Pulmonary Agents
10	LURASIDONE	Antipsychotics
11	ROSUVASTATIN	Cardiovascular Agents
12	ATORVASTATIN	Cardiovascular Agents
13	GAVILYTE	Blood Glucose Regulators; Gastrointestinal Agents
14	BUPROPION	Antidepressants
15	BUPRENORPHINE	Anti-Addiction/Substance Abuse Treatment Agents; Analgesics
16	VILAZODONE	Serotonin Modulators
17	DOTTI	Estrogens
18	METFORMIN	Blood Glucose Regulators
19	ADDERALL	Central Nervous System Agents
20	PROGESTERONE	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
21	CLOMIPHENE	Estrogens
22	AMLODIPINE	Cardiovascular Agents
23	TACROLIMUS	Dermatological Agents; Immunological Agents; Immunological Agents
24	NICOTINE POLACRILEX	Anti-Addiction/Substance Abuse Treatment Agents
25	SERTRALINE	Antidepressants

Appendix C:

Lists of Prescriptions Drugs

25 Brand Name Drugs with the Highest Year-Over-Year Increase in Total Spending

Rank	Prescription Drug Name	Therapy Class
1	OZEMPIC	Blood Glucose Regulators
2	JARDIANCE	Blood Glucose Regulators
3	VICTOZA	Blood Glucose Regulators
4	PFIZER COVID-19 VACCINE	Viral Vaccines
5	FARXIGA	Blood Glucose Regulators
6	ELIQUIS	Blood Products And Modifiers
7	CONCERTA	Central Nervous System Agents
8	ENTRESTO	Cardiovascular Agents
9	SYMBICORT	Respiratory Tract/ Pulmonary Agents; Respiratory Tract/Pulmonary Agents
10	DEXCOM	Glucose Testing Supplies
11	REPATHA	Cardiovascular Agents
12	VYVANSE	Central Nervous System Agents
13	OMNIPOD	Glucose Testing Supplies
14	MODERNA COVID-19 VACCINE	Viral Vaccines
15	ADDERALL	Central Nervous System Agents
16	TRELEGY	Respiratory Tract/Pulmonary Agents
17	EMGALITY	Antimigraine Agents
18	AJOVY	Antimigraine Agents
19	SLYND	Oral Contraceptives Combinations
20	FLUTICASONE	Dermatological Agents; Respiratory Tract/Pulmonary Agents
21	LINZESS	Gastrointestinal Agents
22	WEGOVY	Anti-Obesity Agents
23	MOUNJARO	Blood Glucose Regulators
24	DESCOVY	Antivirals
25	SYNJARDY	Blood Glucose Regulators

Appendix C:

Lists of Prescriptions Drugs

25 Specialty Drugs with the Highest Year-Over-Year Increase in Total Spending

Rank	Prescription Drug Name	Therapy Class
1	OZEMPIC	Blood Glucose Regulators
2	WEGOVY	Anti-Obesity Agents
3	RISANKIZUMAB	Antipsoriatics
4	DUPIXENT	Dermatological Agents; Immunological Agents
5	STELARA	Immunological Agents
6	REVLIMID	Antineoplastics
7	HUMIRA	Immunological Agents
8	RINVOQ	Antiarthritics
9	VERZENIO	Antineoplastics
10	MOUNJARO	Blood Glucose Regulators
11	BIKTARVY	Antivirals
12	TREMFYA	Immunological Agents
13	COSENTYX	Dermatological Agents; Immunological Agents
14	DESCOVY	Antivirals
15	KISQALI	Antineoplastics
16	NURTEC ODT	Antimigraine Agents
17	RYBELSUS	Antidiabetics
18	POMALYST	Antineoplastics
19	TALTZ	Immunological Agents
20	OTEZLA	Dermatological Agents; Immunological Agents
21	KESIMPTA	Central Nervous System Agents
22	XOLAIR	Immunological Agents
23	PROMACTA	Blood Products And Modifiers
24	OPZELURA	Eczema Agents
25	UBRELVY	Antimigraine Agents

Appendix D:

California Health and Safety Code section 1367.243 Text

Health and Safety Code § 1367.243.

(a) (1) A health care service plan that reports rate information pursuant to Section 1385.03 or 1385.045 shall report the information described in paragraph (2) to the department no later than October 1 of each year, beginning October 1, 2018.

(2) For all covered prescription drugs, including generic drugs, brand name drugs, and specialty drugs dispensed at a plan pharmacy, network pharmacy, or mail order pharmacy for outpatient use, all of the following shall be reported:

(A) The 25 most frequently prescribed drugs.

(B) The 25 most costly drugs by total annual plan spending.

(C) The 25 drugs with the highest year-over-year increase in total annual plan spending.

(b) The department shall compile the information reported pursuant to subdivision (a) into a report for the public and legislators that demonstrates the overall impact of drug costs on health care premiums. The data in the report shall be aggregated and shall not reveal information specific to individual health care service plans.

(c) For the purposes of this section, a “specialty drug” is one that exceeds the threshold for a specialty drug under the Medicare Part D program (Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173)).

(d) By January 1 of each year, beginning January 1, 2019, the department shall publish on its Internet Web site the report required pursuant to subdivision (b).

(e) After the report required in subdivision (b) is released, the department shall include the report as part of the public meeting required pursuant to subdivision (b) of Section 1385.045.

(f) Except for the report required pursuant to subdivision (b), the department shall keep confidential all of the information provided to the department pursuant to this section, and the information shall be protected from public disclosure.

Appendix E:

Glossary

Administrative Expenses/Costs: Business expenses associated with general administration, agents/brokers fees and commissions, direct sales salaries, workforce salaries and benefits, loss adjustment expenses, cost containment expenses, and community benefit expenditures.

Allowed Dollar Amount: Total payments made under the policy to health care providers on behalf of covered members, including payments made by issuers and member cost sharing.

Annual Plan Spending: Total payments made under the policy to health care providers on behalf of covered members, including payments made by issuers and member cost sharing = Allowed Dollar Amount. In this report, the terms “Prescription Drug Spending” and “Medical Claim Spending” are used to describe these components of Annual Plan Spending.

Biological Product: Biological products are regulated by the Food and Drug Administration (FDA) and are used to diagnose, prevent, treat, and cure diseases and medical conditions. Biological products are a diverse category of products and are generally large, complex molecules. These products may be produced through biotechnology in a living system.

Biosimilar Product: A biosimilar is a biological product that is highly similar to and has no clinically meaningful differences from an existing FDA-approved reference product. Treated in this report as Generic, unless the plan- or insurer-negotiated monthly cost exceeds the threshold for a Specialty Drug.

Brand Name Drug: Medications protected by patents that grant their makers exclusive marketing rights for several years. When patents expire, other manufacturers can sell generic copies at lower prices.

Dispensed at Pharmacy: Dispensed at a plan pharmacy, network pharmacy, or mail order pharmacy for outpatient use.

Formulary: List of drugs used to treat patients in a drug benefit plan. Products listed on a formulary are covered for reimbursement at varying levels.

Generic Drug: A generic drug is a medication created to be the same as an already marketed brand name drug in dosage, form, safety, strength, route of administration, quality, performance characteristics, and intended use. These similarities help to demonstrate bioequivalence, which means that a generic drug works in the same way and provides the same clinical benefit as its brand name version. In other words, a generic drug is an equal substitute for its brand name counterpart.

Interchangeable Product: An interchangeable product is a biosimilar product that meets additional requirements outlined by the Biologics Price Competition and Innovation Act.

Mail Order: Licensed pharmacy established to dispense maintenance medications for chronic use in quantities greater than normally purchased at a retail pharmacy. The mail order pharmacy usually uses highly automated equipment so that non-pharmacists perform many routine tasks. As a result, mail order can typically dispense medication at a lower cost per prescription.

Appendix E:

Glossary

Member Cost Sharing: Total payments made by members under the policy for prescription drugs, including copays, deductibles, and coinsurances = Allowed Dollar Amount – Paid Plan Cost.

National Drug Code (NDC): Numeric system to identify drug products in the United States. A drug's NDC number is often expressed using a 3-segment-number where the first segment identifies the manufacturer, the second identifies the product and strength, and the last identifies the package size and type.

Number of Prescriptions: A 30-day supply is treated as a unit. Between 1- to 30-day supply is 1 unit, between 31- to 60-day supply is 2 units, and more than a 60-day supply is treated as 3 units.

Paid Dollar Amount: Allowed Dollar Amount minus the member cost-sharing amount = Incurred Costs. (If this term is related to drug cost only, excludes Manufacturer Rebate.)

Paid Plan Claim (Paid Plan Cost): Allowed Dollar Amount minus the member cost-sharing amount = Incurred Costs. (If this term is related to drug cost only, excludes Manufacturer Rebate.)

Pharmacy Benefit Manager (PBM): Organization dedicated to administering prescription benefit management services to employers, health plans, third-party administrators, union groups, and other plan sponsors. A full-service PBM maintains eligibility, adjudicates prescription claims, provides clinical services and customer support, contracts and manages pharmacy networks, and provides management reports.

Pharmacy Benefits Carve-In: Management of the drug benefit is included with the management of the medical benefit, using a single entity and contract to administer both benefits.

Pharmacy Benefits Carve-Out: Management of the drug benefit is separate from the management of the medical benefit, using two different entities or two separate contracts to administer the benefits.

Per Member Per Month (PMPM): Measure used to assess population-based metrics such as cost or utilization, computed by dividing the total monthly cost/utilization/other measure by the total number of member months for the population over a specific time period.

Prescription Drug: A self-administered drug approved by the FDA for sale to the public through retail or mail order pharmacies that requires a prescription and is not provided for use on an inpatient basis or administered in a clinical setting or by a licensed health care provider. The term includes: (i) disposable devices that are medically necessary for the administration of a covered prescription drug, such as spacers and inhalers for the administration of aerosol outpatient prescription drugs; (ii) syringes for self-injectable prescription drugs that are not dispensed in pre-filled syringes; (iii) drugs, devices, and FDA-approved products covered under the prescription drug benefit of the product pursuant to sections 1367.002 and 1367.25 of the Health and Safety Code, including any such over-the-counter drugs, devices, and FDA-approved products; and (iv) at the option of the health care service plan, any vaccines or other health benefits covered under the prescription drug benefit of the product.

Appendix E:

Glossary

Rebate: A partial repayment from pharmaceutical manufacturers to pharmacy benefit managers (PBMs) based on the market share of a targeted drug. Depending on client contract terms, PBMs may share some or all rebates with its clients (e.g., health plans, employer groups, etc.).

Reference Product: A reference product is the single biological product, already approved by the FDA, against which a proposed biosimilar product is compared. A reference product is approved based on, among other things, a full complement of safety and effectiveness data. Treated in this report as Brand Name or Brand Name Specialty.

Retail: Medications are purchased at a retail pharmacy.

Specialty Drug: A drug with a plan- or insurer-negotiated monthly cost prior to rebate that exceeds the threshold for a specialty drug under the Medicare Part D program (Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173)). For example, in 2019, the threshold amount is \$670 for a one-month supply: Drug A costs \$40 per day provided for two-day supply (Between 1- to 30-day supply is 1 unit) while Drug B costs \$80 per day with a 60-day supply (Between 31- to 60-day supply is 2 units); therefore, Drug A ($= (\$40 \times 2) / 1 = \$80 < \$670$) is not treated as Specialty Drug while Drug B ($= (\$80 \times 60) / 2 = \$2400 > \$670$) is treated as Specialty Drug.

DEPARTMENT OF
Managed
Health Care

A green outline of the state of California is positioned behind the text. The word "Managed" is in a smaller blue font, "Health" is in a larger blue font, and "Care" is in a blue font with a white circle cutout. The green outline of California is partially obscured by the text, appearing behind "Managed" and "Health", and overlapping the white cutout in "Care".